

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

CONFERENCE COMMITTEE ON SENATE AMENDMENTS TO HOUSE BILL 584

Call to Order: By **SEN. BOB HAWKS**, on April 19, 2005 at 12:00
A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Sen. Bob Hawks, Chairman (D)
Sen. John Esp (R)
Rep. Christopher Harris (D)
Rep. Dennis Himmelberger (R)
Rep. Karl Waitschies (R)
Sen. Mike Wheat (D)
Rep. Brady Wiseman (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Branch
Kyanne Kelly, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 584, 4/19/2005
Executive Action: HB 584

EXECUTIVE ACTION HB 584

SEN. BOB HAWKS opened the meeting by asking **REP. CHRIS HARRIS** to frame the issue for the committee.

REP. CHRIS HARRIS said the only issue in contention was the percentages of the incentives. He said the bill originally stood at 10% and 15%. He stated the 10% relates to the qualified expenditures and the 15% relates to the payroll of the Montana residents who work on film productions. He said that in House Taxation they took those percentages down to 9% and 7% and the Senate Taxation improved them to 9% and 14%. He stated the conference committee needs to discuss the appropriate percentages for the incentives.

REP. KARL WAITSCHIES said that tax credits are a big issue in businesses deciding what they will do. He stated that 10% is a big amount especially when given on the basis of expenditures because most credits are given on the basis of profit. He suggested that the committee give 7% and 10% as an incentive.

SEN. MIKE WHEAT thought the percentages could be a little higher because it would bring the business to the state and that would benefit the local communities.

REP. CHRIS HARRIS handed out an informational packet of the incentives given to the movie industry by each state. He suggested that 8% and 13% would be a good compromise.

EXHIBIT(cch84hb0584a01)

REP. DENNIS HIMMELBERGER said that it is a slap in the face to the Montana businesses and there is a need to be careful in that regard.

Motion: **SEN. JOHN ESP** moved that **THE PERCENTAGE BE CHANGED TO 8% AND 13% PLUS THE TECHNICAL AMENDMENT.**

SEN. BOB HAWKS asked Mr. Markey to speak to the committee.

Patrick Markey, Independent Film Producer, said the original incentive percentages were based on what was needed to attract business to the state and each percentage point it goes down reduces our ability to generate business in Montana.

REP. KARL WAITSCHIES said 13% is still too much. He said he could accept 8%, but 13% was too much because of the nature of the credit.

REP. CHRIS HARRIS said when taxes to be paid are considered such as income taxes paid by the workers, accommodations tax, car rental tax, there would be a net gain to the State.

SEN. BOB HAWKS said this could be a stimulus for promotions for tourism also.

REP. KARL WAITSCHIES stated this would be an economic benefit to some parts of the state, but not to others, but everyone in the state writes the check.

SEN. MIKE WHEAT said in a diversified economy everyone would benefit.

REP. BRADY WISEMAN said there have been movies filmed all over the state not just in certain areas.

SEN. BOB HAWKS came back to the motion.

Motion/Vote: **SEN. JOHN ESP** MOVED THAT THE PERCENTAGE BE CHANGED TO 8% AND 13% AND THE TECHNICAL AMENDMENT TO STRIKE SOME WORDS DO PASS. **SEN. HAWKS, SEN. WHEAT, SEN. ESP, SEN. HARRIS** and **SEN. WISEMAN** voted yes.

Motion: **SEN. JOHN ESP** moved that THE COMMITTEE CHANGE THE REPORT TO SAY 8% AND 12 1/2% AND THE TECHNICAL AMENDMENT.

REP. CHRIS HARRIS said in the spirit of compromise he would vote for the amendment if it were unanimous.

Substitute Motion/Vote: **REP. KARL WAITSCHIES** made a substitute motion for THE REPORT TO SAY 8% AND 12% AND WITH THE TECHNICAL AMENDMENT. Motion carried unanimously.

ADJOURNMENT

Adjournment: 12:40 A.M.

SEN. BOB HAWKS, Chairman

KYANNE KELLY, Secretary

CH/JE/kk

Additional Exhibits:

EXHIBIT ([cch84hb0584aad0.TIF](#))